

Nary Manivong, LLC

BUSINESS PLAN

05/18/2009

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EXHIBIT

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It is hereby acknowledged by the undersigned that the information to be furnished in this business plan is in all respects confidential in nature (other than such information which is already in the public domain through other means) and that any disclosure or use of same by the undersigned may cause serious harm or damage to Nary Manivong, LLC.

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Signature

Print Name

Date

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Company Name: Nary Manivong, LLC
Company Principal: Nary Manivong, Owner and Creative Director
Industry Target: Women's Apparel
Market: Young Designer Contemporary Collection
Demographic: Age: 24-35
Income: \$45,000+
Region: Major City Cosmopolitan
Competitors: Rachel Roy, Thakoon, Phillip Lim, Richard Chai, Jenni Kayne

Company Profile:

Nary Manivong, LLC, found in 2005, based in Brooklyn, NY. The founder and designer, Nary Manivong, is influenced by many cultural interactions through extensive travels in Euro-Asia and the United States, which effects the creative direction of the brand.

Manivong's design philosophy focuses on a woman that is highly spontaneous and has diverse, confident, and sophisticated lifestyle. The collection is youthful, flirty and eclectic. It is uptown chic with downtown style, classic yet with a modern edge. The collection is not heavily based around trends but focuses on timeless aesthetics. Design details overshadow contrived trends. The Manivong client is self-assured and willing to express themselves with clothing that flows with today's various life demands while taking style, comfort and adventure to a higher level.

The Collection is sold at a designer price point to customers who appreciate fine fabrics, exquisite detail and remarkable creativity. Women with a classic and sophistication outlook on fashion appreciate Nary's attention to detail, fit, construction and his inspired design expertise. A number of designer's pieces are special edition designs available in limited quantity to discerning customers. They can be found in exclusive boutiques throughout New York City. Nary Manivong also works with individual clients to create custom design pieces for special occasions.

Designer's Bio

Born and raised in Ohio, Nary is a unique example of creative motivation and success. He arose from a tumultuous upbringing, as well as frequent homelessness to pursue his dream. As the designer to his self-named label, which began two years ago, Nary returned to the New York market and debuted his fall 2007 collection, after taking a hiatus for spring 2007 season. Though this was a short hiatus, Nary has resurfaced with a new vision. As a self-taught designer, Nary learned the fundamentals of fashion design through real world experience and determination. Such attributes are why Women's Wear Daily named him as one of twelve designers to watch for in fall 2005. This acclaim was soon followed in short by media coverage, industry reviews, helping to create a promising horizon for Manivong's future enterprise.

The Collections

Nary Manivong is fearless in his design approach, challenging fashion to create and showcase captivating, and well constructed pieces. He edits his collections meticulously to highlight the seductive nature of the feminine form while placing emphasis on details. He values individuality and personal expression over trend and hopes to touch his clients' hearts by using the innate beauty of fabrics and silhouettes to bring his fashion vision to life. Manivong's collection speaks to the modern day woman who embraces femininity but exudes confidence.

Nary Manivong Position Statement

For women who want a more expressive lifestyle, Nary Manivong delivers clothing lines that provide cutting edge fashion that enables customers to demonstrate their unique individuality. Unlike Tommy Hilfiger, Ralph Lauren and Donna Karen, Manivong is willing to take risks. The designs are more creative, dynamic and expressive. Accordingly, the positioning statement relies on the target customer's aptitude for individuality in his or her look and enjoys wearing fashions that supports and encourages his or her individuality.

Mission Statement

Nary Manivong LLC was created as the brain child for designer, Nary Manivong, to create a lifestyle empire in the

fashion, accessory, home, and beauty industries beginning with the Nary Manivong collection in womenswear.

Keys to Success

- * Recruitment of highly skilled designers with an eye for upcoming trends.
- * Improvement of retail sales margins through the reduction of per unit costs.
- * Ability to offer collections on a quarterly basis
- * Establishing a reputable brand name through networking with fashion related buyers, boutiques, retailers and press.

Operating Plan: Production Process: The production process entails 4 key steps; they include market research; sketching/graphic design; pattern, grading, and sample construction; and retail production/shipping.

We begin with trend research for upcoming seasons. The company intends on producing a fall, winter, spring and summer line. An approach used by Zara, H&M and several major retailers entering the market. This strategy will ensure the latest fashions and trends are brought to our market in a timely manner. Our inspiration will be drawn from channels such as magazines, fashion websites, fashion shows, fashion incubators, etc. Once all these channels have been exhausted a storyboard will be developed by each member of our team, and presented to the group. Following the presentation, the team will then determine what should be produced for the upcoming season. During this process the cost of producing the garment will be carefully examined to ensure we are meeting our financial obligations. Once all necessary criteria are met, the selected garments will continue to the next stage.

The second stage of production is sketching and graphic design. During this stage our ideas are brought to life. Pictures, rough sketches, and concepts are brought to the graphic design team; in turn they will create a sketch of the final designs. These designs must be extremely detailed to ensure that the pattern and sample maker have an excellent understanding of the look of the final product. The software used to design these drafts will be Adobe Illustrator, and Photoshop. The pattern making process is generally a short process. Initially, a pattern draft is created and a demo garment is fabricated using cheap material called muslin. To ensure a proper fit the muslin must have similar weight and stretch to the fabric that will be used to produce the sample. Once the appearance of the demo garments is satisfactory, the final pattern is created and grading begins. Grading is simply the process of making multiple sizes. The pattern is then forwarded to a seamstress, who will fabricate the final sample.

Market Demographics

The profile for Nary Manivongs' customer consists of the following demographic and behavior factors:

Demographics

- Age range 24 - 35.
- 55% of the customers are young driven professionals.
- These professionals have a household income of \$30,000-\$100,000.
- 45% of the customers are professionals.

Behavior Factors

- Fashion (Quality) conscious.
- Tend to eat out at least once a week, typically more.
- Live the motto "fashion over function."
- Are always aware of the different fashion trends.
- Subscribe to, or at least read, several women's magazines that are fashion orientated.
- Brand-loyal.

Market Needs

Nary Manivong is providing customers with a custom made one of a kind piece. Nary seeks to fulfill the following benefits that are important to their customers:

- **Selection.** Nary will offers a new collection bi-annually, the only limit to selection is the customer's request for one of kind piece.
- **Accessibility.** Nary operates out of his New York-based design studio, but can distribute anywhere, as well as ship for retailers throughout the United States. The studio will become the design studio/wholesale/retail.
- **Customer Service.** The customer will be impressed with the level of attention that they receive from the designer himself.
- **Competitive Pricing.** Nary Manivong's pricing structure is on par with other high-end design labels.

Marketing Strategy

Nary Manivong will target their different market segments with a three-pronged approach:

- **Fashion Shows:** typically occur two times a year in September for Spring/Summer and February for Fall/Winter during New York Fashion Week. These fashion shows are quite extensive, they have retailers, manufacturers, designers, wholesalers as well as the media. The who's who can always be found at these fashion shows. Attendance/display booths are by far the best way to network and gain business in this industry.
- **Advertisements in industry magazines:** another targeted method of reaching the desired audience. In this case, only industry personnel have access to subscriptions so the audience is much targeted.
- **Website:** will be used to advertise the company. Previous designs as well as service offerings will be listed on the page. The Web page allows companies that are geographically far away to be able to see past designs and learn more about Nary Manivong and place order through the narymanivong.com web site.

Operations Plan

Nary Manivong will hire sample-maker to produce samples for fashion shows in February for Fall/Winter and Spring/Summer in September. A manufacturer will be then be hired to produce the pieces for the buyers to be sold in stores. A sales representative will be hired by the president/creative director, Nary Manivong who will be in charge of all sales issues.

Nary will be responsible for executive and creative functions. He will supervise design room staff.

Assistant designer (TBD): will be generally the all-around assistants to the designer. She/He will make first patterns and samples or often arrange for styles to be made with the designer.

Nary will employ one part-time sample-maker/pattern-maker/seamstress. That key person will help with every aspect of the designs. From fitting to correction to the patterns. This person has the potential to stay with the company and help oversees all designs produces.

Other key hired will be generally interns that will be hired to assist with the design aspects of the company. Their duties include:

Management Team

The following personnel are apart of our team. In the future more positions will be created as the company grows.

Key Personnel's:

- Assistant Designer
- Sample/Pattern Maker.

- Director of Marketing (Public Relation).
- Director of Global Sales.
- Interns (3-4 per season)

Organizational Structure

Nary Manivong will be responsible for business operations, finances, and promotions functions. His duties will include:

- The oversight of manufacturing operations, production schedules and targets
- The implementation of plans for efficient use of materials, and labor
- The financial performance analysis such as, billing, budget, payroll, accounts payable/receivable, and taxes.
- The execution promotional retail incentives
 - The forecast of product demand for our company and its competitors
 - The identification of emerging trends to utilize potential markets
-

Director of Marketing is responsible for marketing, advertising, and public relations. Their duties include:

- The development of pricing strategies
- The assessment and execution of advertisement channel
- The implementation of publicity programs to our target audience.

Both individuals will jointly manage sales. Their duties will involve assigning sales territories, setting goals, and establishing training programs.

Sales Strategy ??????????

Ideally Nary Manivong would like to sell each garment from the collection to a 4-6 sizes to a minimum of 3 retailers per season. If each piece is brought by the department store the profits could be as high as 16,000 per department store per season. Meaning that if the entire collection was sold at 3 different department stores each season, Nary Manivong could have an annual start-up profit of approximately \$98,000. The projected growth rate is between 50-100%. Ideally, the sales should double in the year following the \$98,000 annual profit year.

The clothing will be distributed to previously listed department stores and a select few high end boutiques. The head designer will travel to the store locations to ensure that it is suitable and appropriate for the label. The retailers will be kept to a conservative and selective amount and only upscale establishments will receive shipments.

In addition to retail, a website will be built for the label which will direct interested clients to a showroom at which the clothes may be looked at and/pr be purchased. Before a Nary Manivong flagship store is opened the showroom, retailers and tradeshow will be the only places to acquire the collection. Once revenue is large enough to open a store, the showroom and tradeshow will not be necessary. Trades will only be attended when Nary Manivong introduces a new line (i.e. accessories, shoes, menswear, eyewear...etc).

PR department will send out press kits regularly to open up new opportunities to Nary Manivong's name out. Two annual fashion shows will be held regularly during New York Fashion Week to display Spring and Fall Collections to buyers, editors and clients. The shows will be closed and be by invitation only. Once the collections are brought and shipped to the selected stores, the designer will travel for in-store appearances. Allowing the customers to personally get to know the designer and vice versa. This will build a relationship between Nary Manivong and its clientele, therefore ensuring a loyal following and will give the customers a clearer understanding of the label and the influences and inspirations behind the collections. No pieces of the collection will be able to be purchased

though catalogs order in store purchases only.

Business Goals and Objectives

Short-term goals:

- Deliver 2 unique collections per year
- Generate sales of \$125K
- Increase exposure and market share to fashion-conscious customers in metropolitan areas through editorial credits, media placement and celebrity dressing
- Establish 30 and 45 day credit terms with suppliers
- Sell the collection to specialty boutiques in New York, LA, Chicago and Boston

Long-term goals:

- Deliver 5 unique collections per year
- Establish a leading market position
- Begin foreign sales in markets such as Europe and Asia
- Sustain the commitment to the quality of the end product through quality fabric, workmanship, and design.
- Increase sales beyond the \$1 million mark by 2015
- Nary Manivong free standing boutiques
- License name for handbags, shoes, fragrances, eyewear, home décor
- Collaborations with retailers, such as Target, H&M and Topshop

Sales goals:

- the short term goals list first year sales of \$125K
- the mid level goals list an annual growth rate of 25%
- the long term goals list sales of \$1M in five years.

Financial targets for Nary Manivong, LLC.

With average wholesale price of \$280.00 for dresses and \$110 for blouses, my goal is to be carried by 15 specialty retail boutiques that carry an average of 5 pieces each.

****By February, I am hoping to double the figure as well as the retail boutiques that Nary Manivong will be carry at.

-Nary Manivong, LLC End of Year Goal

Dresses

15 (goal # of retailers to be carried in) X \$280 (average price/piece) x 5 (average # pieces carried/store)

15 X (1400) = \$21,000 (Goal Sales by December 31, 2008)

Blouses

15 (goal # of retails to be carried in) X \$110 (average whole price/piece) X 5 (average # pieces carried/store)

15 X (550) = \$8,250.00 (Goal Sales by December 31, 2008)

Total Gross: \$29,250.00 - \$11,650.00

Total Net: \$17,600.00

Strengths: Our success will stem from the team's strong management skills. The decision to use a network structure allows the team to operate in different locations effectively, through the use of communication channels, such as the Internet, email, fax and cellular phones. Their mission to outsource the designing process to rising fashion designers will strengthen their strategy of providing a uniquely diverse and marketable clothing line. Our experienced team of manufacturers and fabric retailers will also strengthen our position within the industry, as we benefit from short manufacturing turnaround times. This will allow us to take advantage of unforeseen fashion trends in an efficient manner. As operations begin to expand, our manufacturers and retailers will provide the necessary resources to enable a smooth transition from domestic to foreign manufacturing.

Weaknesses: As a start up clothing company, the main disadvantage is their weak brand name. Retailers are reluctant to buy from start up fashion labels, due to their limited product offerings, and fear that the garments may not sell as quickly as an established fashion label. Our secondary weakness is lack of design knowledge by core management, which may slow down manufacturing if the necessary information to complete the garment is not provided.

Opportunities: As consumer tastes begin to shift from urban clothing to trendy designer clothing, the opportunity to provide quality designer garments in the urban market will increase our brand awareness, as few companies have targeted this market. We are also considering the prospect sales through outlets such as Internet, and flagship stores. These outlets will provide us with the opportunity to sell generic products, increasing the product mix and marginal sales.

Threats: Bad economy. Styles doesn't fit into the trends. Competing with prices.